

Actuarial Analysis and Certification for the Minnesota Section 1332 Waiver Application Extension

**Minnesota Department of Commerce
Insurance Division**

December 22, 2021

Table of Contents

| | |
|--|----|
| Introduction | 3 |
| Targets and Modeling Overview | 3 |
| Modeling Approach and Major Assumptions | 4 |
| Assumptions Used in Model | 4 |
| Distributions from Minnesota Premium Security Plan to Health Insurers | 5 |
| Projection of Federal Pass-through Funding Before and After the Waiver | 5 |
| 10-Year Forecast | 7 |
| Effect on Minnesotans with Insurance | 8 |
| Discussion of Findings | 8 |
| Additional Details on Assumptions and Methods | 9 |
| 2022 Average and Second-Lowest Silver Premiums | 9 |
| Data Sources | 12 |
| Administrative Costs | 12 |
| Individual Market Enrollment | 12 |
| Premiums | 12 |
| Morbidity | 14 |
| Benefit Design and Covered Services | 14 |
| Economic Analysis to Supplement Actuarial Analysis | 15 |
| Combined Actuarial and Economic Analysis Results | 16 |
| Actuarial Certifications | 18 |
| Appendices | 19 |
| Appendix 1 - The Role of Enrollees' Income in the Model | 19 |
| Appendix 2 - Additional Modeling Results and Information on Targets | 22 |
| Appendix 3 - Additional Information in Response to Requests | 33 |

Introduction

This actuarial report supplements the related 1332 waiver application extension seeking federal funding for Minnesota's individual market. The report also demonstrates that projected federal spending net of federal revenues under the waiver will be equal to or lower than projected federal spending net of federal revenues in the absence of the waiver.

This actuarial report is designed to be read in concert with the waiver application.

Targets and Modeling Overview

The main goals of Minnesota's reinsurance program are to reduce premium rates from where they would be without the program and to encourage healthy people to participate in the individual market. The state legislation that continued Minnesota's reinsurance program, the Minnesota Premium Security Plan (MPSP), established 2022 payment parameters that will provide health insurers with 60 percent coinsurance at an attachment point of \$50,000 and a reinsurance cap of \$250,000 for plan year 2022.

The resulting lower premium rates will save the federal government money through lower individual market premium tax credits (PTCs). These savings are modeled to be approximately \$135.7 million in 2022 under an assumed scenario (see Table A-2), reflecting reasonable estimates of premium levels, enrollment, inflation, morbidity, and second-lowest silver premiums.

An increase to federal spending is also modeled related to administrative expenses associated with oversight of the reinsurance program. These losses are estimated to be minimal compared to the federal premium tax credit savings over the 10-year budget projection period.

Commerce evaluated actual MPSP data in order to model how an extended MPSP program will affect the premium tax credits. Commerce also modeled the likely premium support delivered over the required 10-year budget forecast period. The MPSP modeling shows that Minnesota will derive a portion of financial support from the new state funding source and a portion from the federal government reflecting the difference in premium tax credits¹ with and without the MPSP.

Values modeled in this report are illustrative only; the formula to be used is not publicly known and is not an element that is possible to be requested as part of the waiver application.

The following analyses and actuarial certification demonstrate that the proposed waiver will comply with the uninsured rate and the federal deficit requirements of Section 1332 of the Affordable Care Act (ACA). The results section is broken into the following subjects:

- A discussion of the major assumptions affecting the state's strategy and federal savings.

¹ Section 36B of the Internal Revenue Code (IRC) describes premium tax credits.

- Documentation for the selected distribution model for the subsidy, which is similar to the current state reinsurance program in place since 2018.
- Major findings based on the modeled results.

Modeling Approach and Major Assumptions

Calculating the difference between federal PTCs with and without the waiver requires estimates of the number of enrollees receiving premium tax credits with and without the waiver and estimates of the average second-lowest silver premium rate with and without the waiver.

Commerce's approach is generally to apply recent experience from the reinsurance program, along with applying appropriate adjustments due to factors such as changes in federal and state legislation.

Assumptions Used in Model

Here is a description of the input factors that were modeled:

- **2023 second-lowest silver premiums with/without any waiver or state legislation:** The 2023 second-lowest silver premiums with and without waiver which are projected to be 6.5% higher than the 2022 premiums. We assume the program with the same parameters is in place for plan year 2023 as for plan year 2022, most notably 60% coinsurance.
- **Individual market premium inflation:** We assume a 6.5% individual market inflation rate, the same as assumed for a "middle scenario" in the prior waiver application and fairly consistent with recent experience. The cost of the MPSP is assumed to increase at a rate 3.5 percent higher than market premium inflation. The reinsurance program trend rate is assumed to be higher than the premium inflation trend rate because the reinsurance trend is more highly leveraged than overall market trend.
- **2023-2032 individual market enrollment with/without the waiver:** We model enrollment levels that vary with or without the waiver and with or without extension of American Rescue Plan Act (ARPA) enhanced PTCs.
- **Premium tax credit-eligible enrollee count:** Based on a blend of recent experience and modeled eligibility, we modeled the following numbers of premium-tax-credit-eligible enrollees: 61,000 without ARPA enhanced PTC and 131,000 with ARPA enhanced PTC. Note that changes in overall enrollment are not expected to impact the number of enrollees with PTC because these enrollees are price insensitive, given that the federal government subsidizes the rate increases regardless of the presence of reinsurance. The proportion of premium tax credit eligible enrollees as compared to the entire individual enrollee count has a direct impact on the federal PTC savings.

- **Federal legislation:** The base model assumes current federal law continues, meaning the ARPA enhanced PTC would expire after the 2022 plan year. An alternative model assumes that the ARPA enhanced PTC is extended.

Distributions from Minnesota Premium Security Plan to Health Insurers

The MPSP is very similar in design to the temporary federal reinsurance program that was in place from 2014 through 2016. The parameters for 2022, set in law, are:

Attachment Point: \$50,000

Coinsurance Rate: 60%

Reinsurance Cap: \$250,000

As an example of the payments to carriers, if a person has \$60,000 of claims in 2022, the reimbursement to the carrier would be:

$$\text{\$6,000} = [60\% * (60,000 - 50,000)]$$

If a person has \$600,000 of claims in 2018, the reimbursement to the carrier would be:

$$\text{\$120,000} = [60\% * (250,000 - 50,000)]$$

The Minnesota Comprehensive Health Association (MCHA) will administer the MPSP, collect data to determine reinsurance payments, and disburse reinsurance payments to each eligible health carrier. The MCHA Board will determine the payment parameters each year, taking into account available funding, to ensure stabilized premiums, increased market participation, improved access to providers, and mitigation of the impact of high-risk individuals.²

The studies performed to verify the cost of the aggregate subsidy provided by the MPSP are provided in the Appendices.

Projection of Federal Pass-through Funding Before and After the Waiver

Federal pass-through funding is calculated as described below:

- A complex model was developed and contains 252 cells representing individual market enrollees who are singles or parts of families, different ages, have different incomes, and are located in various-relative-cost rating areas.

² MPSP program operations are discussed in greater detail in the 1332 waiver application.

- Actual with- and without-waiver 2022 second lowest cost silver premiums are projected ahead one year at a 6.5% trend. Note that the 2022 impact of 15.5% (between with- and without-waiver premiums) is applied for future projection years.
- The parameters (including 60% coinsurance) associated with the 2022 program are assumed to remain the same throughout the projection.
- Applying eligibility for various levels of PTC (original or ARPA-enhanced), aggregate premium tax credits before and after the waiver are calculated.
- A simple model is coordinated with the complex model, with the simple model intended to clearly communicate the driver of the federal pass-through funding, the difference between PTCs for Minnesotans before and after the waiver.
- Tables A-1 and A-2 reflect the simple model, with average second-lowest cost silver premiums derived from the complex model.
- For most PTC recipients (those who receive full PTC at the with- or without-waiver premiums), the difference in PTC with and without the waiver is the same as the difference in second-lowest cost silver premiums with and without the waiver. Adjustments are made and noted at the top of Tables A-1 and A-2 to recognize that a portion of the individual market population that will not receive full PTC with and without the waiver due to premiums being below income caps.
- The modeling is performed twice: assuming no extension and extension of the ARPA enhanced PTCs.

10-Year Forecast

The following tables provide details on how the calculations were developed.

Assumptions for the default scenario of no extension of ARPA enhanced PTCs are:

| | |
|--|------------------------|
| Individual market premium inflation: | 6.5% |
| Subsidy inflation: | 10% |
| 2023-2032 Enrollment with/without waiver: | 155,000/145,000 |
| Premium tax credit eligible enrollee count: | 61,000 |
| Premium Difference, with/without waiver: | 15.5% |

Table A-1

| *** Without ARPA enhanced premium tax credits beyond 2022 *** | | | | | 98% w/ PTC have PTC w/ or w/o waiver | | |
|---|---------------------------|------------------------|---|--|---|--|--|
| Year | Enrollment without Waiver | Enrollment with Waiver | Number of premium tax credit recipients | Modeled Avg Second Lowest Silver for PTC recipients (without waiver) | Modeled Avg Second Lowest Silver for PTC recipients (with waiver) | Federal Premium Tax Credit Savings from SLCSP difference | Subsidy to Individual Market Inflated with leveraged trend |
| 2023 | 145,000 | 155,000 | 61,000 | \$ 644.60 | \$ 544.69 | \$ 71,673,409 | \$ 180,242,857 |
| 2024 | 145,000 | 155,000 | 61,000 | \$ 686.50 | \$ 580.09 | \$ 76,332,181 | \$ 198,267,143 |
| 2025 | 145,000 | 155,000 | 61,000 | \$ 731.12 | \$ 617.80 | \$ 81,293,773 | \$ 218,093,857 |
| 2026 | 145,000 | 155,000 | 61,000 | \$ 778.64 | \$ 657.95 | \$ 86,577,868 | \$ 239,903,243 |
| 2027 | 145,000 | 155,000 | 61,000 | \$ 829.25 | \$ 700.72 | \$ 92,205,429 | \$ 263,893,567 |
| 2028 | 145,000 | 155,000 | 61,000 | \$ 883.16 | \$ 746.27 | \$ 98,198,782 | \$ 290,282,924 |
| 2029 | 145,000 | 155,000 | 61,000 | \$ 940.56 | \$ 794.77 | \$ 104,581,703 | \$ 319,311,216 |
| 2030 | 145,000 | 155,000 | 61,000 | \$ 1,001.70 | \$ 846.43 | \$ 111,379,514 | \$ 351,242,338 |
| 2031 | 145,000 | 155,000 | 61,000 | \$ 1,066.81 | \$ 901.45 | \$ 118,619,182 | \$ 386,366,572 |
| 2032 | 145,000 | 155,000 | 61,000 | \$ 1,136.15 | \$ 960.05 | \$ 126,329,429 | \$ 425,003,229 |

Assumptions for the alternate scenario of extension of ARPA enhanced PTCs:

| | |
|--|------------------------|
| Individual market premium inflation: | 6.5% |
| Subsidy inflation: | 10% |
| 2023-2032 Enrollment with/without waiver: | 175,000/160,000 |
| Premium tax credit eligible enrollee count: | 131,000 |
| Premium Difference, with/without waiver: | 15.5% |

Table A-2

| *** With extension of ARPA enhanced premium tax credits *** | | | | | 92% w/ EPTC have EPTC w/ or w/o waiver | | |
|---|---------------------------|------------------------|---|--|--|---|--|
| Year | Enrollment without Waiver | Enrollment with Waiver | Number of premium tax credit recipients | Modeled Avg Second Lowest Silver for EPTC recipients | Modeled Avg Second Lowest Silver for EPTC recipients (with | Federal Premium Tax Credit Savings from SLCS difference | Subsidy to Individual Market Inflated with leveraged trend |
| 2022 | 160,000 | 175,000 | 131,000 | \$ 605.26 | \$ 511.44 | \$ 135,678,698 | \$ 185,000,000 |
| 2023 | 160,000 | 175,000 | 131,000 | \$ 644.60 | \$ 544.69 | \$ 144,497,814 | \$ 203,500,000 |
| 2024 | 160,000 | 175,000 | 131,000 | \$ 686.50 | \$ 580.09 | \$ 153,890,171 | \$ 223,850,000 |
| 2025 | 160,000 | 175,000 | 131,000 | \$ 731.12 | \$ 617.80 | \$ 163,893,033 | \$ 246,235,000 |
| 2026 | 160,000 | 175,000 | 131,000 | \$ 778.64 | \$ 657.95 | \$ 174,546,080 | \$ 270,858,500 |
| 2027 | 160,000 | 175,000 | 131,000 | \$ 829.25 | \$ 700.72 | \$ 185,891,575 | \$ 297,944,350 |
| 2028 | 160,000 | 175,000 | 131,000 | \$ 883.16 | \$ 746.27 | \$ 197,974,527 | \$ 327,738,785 |
| 2029 | 160,000 | 175,000 | 131,000 | \$ 940.56 | \$ 794.77 | \$ 210,842,871 | \$ 360,512,664 |
| 2030 | 160,000 | 175,000 | 131,000 | \$ 1,001.70 | \$ 846.43 | \$ 224,547,658 | \$ 396,563,930 |
| 2031 | 160,000 | 175,000 | 131,000 | \$ 1,066.81 | \$ 901.45 | \$ 239,143,256 | \$ 436,220,323 |
| 2032 | 160,000 | 175,000 | 131,000 | \$ 1,136.15 | \$ 960.05 | \$ 254,687,568 | \$ 479,842,355 |

Considerations of economic factors increasing federal net costs, including administrative expenses are described in the Economic Analysis section near the end of this report.

Effect on Minnesotans with Insurance

One of the key requirements of a Section 1332 waiver is that the overall strategy must support and demonstrate that more people will have health insurance due to the proposed waiver. Because the MPSP supports significantly lower premiums, more Minnesotans will be able to afford insurance or be willing to purchase the insurance as it will be more valuable (that is, the same comprehensive benefits will be available at a significantly lower price).

Discussion of Findings

Neutral federal deficit impact is a reliable outcome of the MPSP.

Overall, Commerce's modeling projects that the federal deficit will not increase, even after inclusion of funding to offset savings from the difference in premium tax credits before and after the MPSP.

Additional Details on Assumptions and Methods

2022 Average and Second-Lowest Silver Premiums

While 2022 premium rates are known, final enrollment totals, as well as a breakdown of plan enrollment within the individual market, is not yet publicly available. To develop 2022 premium and premium tax credit estimates for the starting basis of the model, Commerce used actual June 2021 enrollment proportional counts by age and enrollment proportional counts by rating area (see Data Sources, Table A-3, and Table App-20), estimates of family status and income, and actual premiums for 2022. Commerce assumed that within a metal level, people would select a plan that on average would be similar to the average price point within a metal level.

Table A-3

| In Force on 6/1/2021 | TOTAL | Child (<18) | 18-21 | 22-29 | 30-39 | 40-49 | 50-59 | 60-64 | 65+ |
|----------------------|-------|-------------|-------|-------|-------|-------|-------|-------|------|
| Catastrophic | 2.8% | 0.5% | 0.2% | 2.1% | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% |
| Bronze | 52.6% | 6.6% | 1.7% | 3.7% | 6.6% | 7.2% | 13.0% | 13.6% | 0.2% |
| Silver | 27.2% | 3.6% | 0.7% | 2.7% | 4.1% | 3.9% | 6.1% | 6.0% | 0.1% |
| Gold | 17.3% | 2.8% | 0.5% | 2.1% | 3.2% | 2.9% | 3.3% | 2.4% | 0.1% |
| Platinum | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

The second-lowest silver price in each county plays an important role and more directly affects federal costs and waiver savings. Second-lowest silver 2022 premiums by county for a representative age are shown in Table A-4.

Table A-4

| County grouping | Actual 2022 Second Lowest Cost Silver Rate without waiver, age 21 | Actual 2022 Second Lowest Cost Silver Rate with waiver, age 21 |
|---|--|---|
| (SLCSP1) Rating Area 1: Counties: Fillmore, Houston, Olmsted, Wabasha, Winona | \$357.79 | \$317.96 |
| (SLCSP2) Rating Area 1: Counties: Goodhue | \$453.92 | \$379.27 |
| (SLCSP3) Rating Area 1: Counties: Dodge, Freeborn, Mower, Steele | \$464.38 | \$387.97 |
| (SLCSP4) Rating Area 2: Counties: Carlton, Cook, Itasca, Koochiching, Lake, Lake of the Woods, Saint Louis | \$340.49 | \$287.39 |
| (SLCSP5) Rating Area 3: Counties: Nicollet | \$375.83 | \$318.02 |
| (SLCSP6) Rating Area 3: Counties: Le Sueur | \$386.97 | \$323.34 |
| (SLCSP7) Rating Area 3: Counties: Blue Earth, Martin, Rice | \$399.48 | \$338.02 |
| (SLCSP8) Rating Area 3: Counties: Fairbault, Waseca, Watonwan | \$423.68 | \$353.97 |
| (SLCSP9) Rating Area 4: Counties: Brown, Cottonwood, Jackson, Lincoln, Murray, Nobles, Pipestone, Redwood, Rock | \$322.71 | \$272.50 |
| (SLCSP10) Rating Area 5: Counties: McLeod, Sibley | \$315.30 | \$266.22 |
| (SLCSP11) Rating Area 5: Counties: Big Stone, Chippewa, Kandiyohi, Lac qui Parle, Lyon, Meeker, Renville, Swift, Yellow Medicine | \$316.76 | \$267.45 |
| (SLCSP12) Rating Area 6: Counties: Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse, Wilkin | \$321.32 | \$271.30 |
| (SLCSP13) Rating Area 7: Counties: Chisago, Isanti | \$312.24 | \$263.49 |
| (SLCSP14) Rating Area 7: Counties: Kanabec | \$313.30 | \$264.86 |
| (SLCSP15) Rating Area 7: Counties: Aitkin, Beltrami, Cass, Crow Wing, Hubbard, Mille Lacs, Morrison, Pine, Roseau, Todd, Wadena | \$321.77 | \$271.53 |
| (SLCSP16) Rating Area 8: Counties: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, Sherburne, Washington | \$271.94 | \$230.11 |
| (SLCSP17) Rating Area 8: Counties: Wright | \$286.56 | \$239.46 |
| (SLCSP18) Rating Area 8: Counties: Benton, Stearns | \$294.41 | \$251.26 |
| (SLCSP19) Rating Area 9: Counties: Clear Water, Kittson, Mahonomen, Marshall, Norman, Pennington, Polk, Red Lake | \$317.88 | \$268.40 |

The Minnesota-specific age curve is shown in Table A-5.

Table A-5

| Age (years) | MN | | Age (years) | MN |
|-------------|-------|--|-------------|-------|
| 0-14 | 0.890 | | 40 | 1.278 |
| 15 | 0.890 | | 41 | 1.302 |
| 16 | 0.890 | | 42 | 1.325 |
| 17 | 0.890 | | 43 | 1.357 |
| 18 | 0.890 | | 44 | 1.397 |
| 19 | 0.890 | | 45 | 1.444 |
| 20 | 0.890 | | 46 | 1.500 |
| 21 | 1.000 | | 47 | 1.563 |
| 22 | 1.000 | | 48 | 1.635 |
| 23 | 1.000 | | 49 | 1.706 |
| 24 | 1.000 | | 50 | 1.786 |
| 25 | 1.004 | | 51 | 1.865 |
| 26 | 1.024 | | 52 | 1.952 |
| 27 | 1.048 | | 53 | 2.040 |
| 28 | 1.087 | | 54 | 2.135 |
| 29 | 1.119 | | 55 | 2.230 |
| 30 | 1.135 | | 56 | 2.333 |
| 31 | 1.159 | | 57 | 2.437 |
| 32 | 1.183 | | 58 | 2.548 |
| 33 | 1.198 | | 59 | 2.603 |
| 34 | 1.214 | | 60 | 2.714 |
| 35 | 1.222 | | 61 | 2.810 |
| 36 | 1.230 | | 62 | 2.873 |
| 37 | 1.238 | | 63 | 2.952 |
| 38 | 1.246 | | 64 and over | 3.000 |
| 39 | 1.262 | | | |

Premium increases after 2022 are modeled at 6.5 percent, with reinsurance inflation modeled at 10 percent. The reinsurance program inflation trend rate is assumed to be higher than the premium inflation trend rate because the trend is more highly leveraged. The following example demonstrates the leveraging effect.

- If a policyholder had \$140,000 in claims in 2022, and medical trend of 6.5% increase leads to a 2023 claim cost of \$149,100.

- The 2022 reinsurance cost of the claim is (\$140,000 - \$50,000) * 0.6 = \$54,000

- The 2023 reinsurance cost of the claim is (\$149,100 - \$50,000) * 0.6 = \$59,460

- The reinsurance cost increase is \$59,460 / \$54,000 – 1 = 10%

Data Sources

Administrative Costs

The state appropriation is sufficient to cover administrative costs, which are expected to be well below one percent of the program's revenues. The model confirmed that MPSP administrative costs have no material impact.

Individual Market Enrollment

Approximately 53,000 Minnesotans received federal PTC support as of April 2021, but that figure increased by around 10,000 by August 2021, presumably as enrollees took advantage of the enhanced PTCs associated with the 2021 adoption of ARPA.

Modeling of the Minnesota individual market population, including by income range, shows that the number eligible for the enhanced PTCs will likely exceed 130,000. It is assumed many will take advantage of this premium assistance during the first open enrollment period after adoption of ARPA.

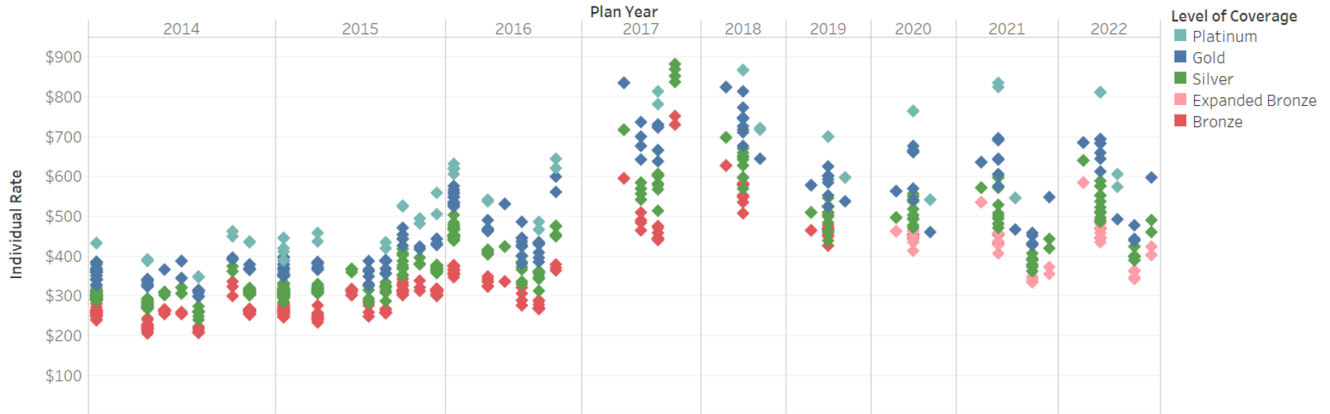
For overall enrollment data, Commerce relied on past experience collected from individual market issuers in November 2021 including enrollment data through June 2021.

Premiums

Table A-12 shows how rates have fluctuated in Minnesota's most expensive rating area between 2014 and 2022. Each issuer's rates are represented by a column, with plan years grouped together. Rates by metal level are shown through the use of different shapes. Age 40 rates are shown, but all age rates are illustrated as well, since carrier and metal level positioning is consistent at all ages through the use of a fixed Minnesota age curve.

Table A-12

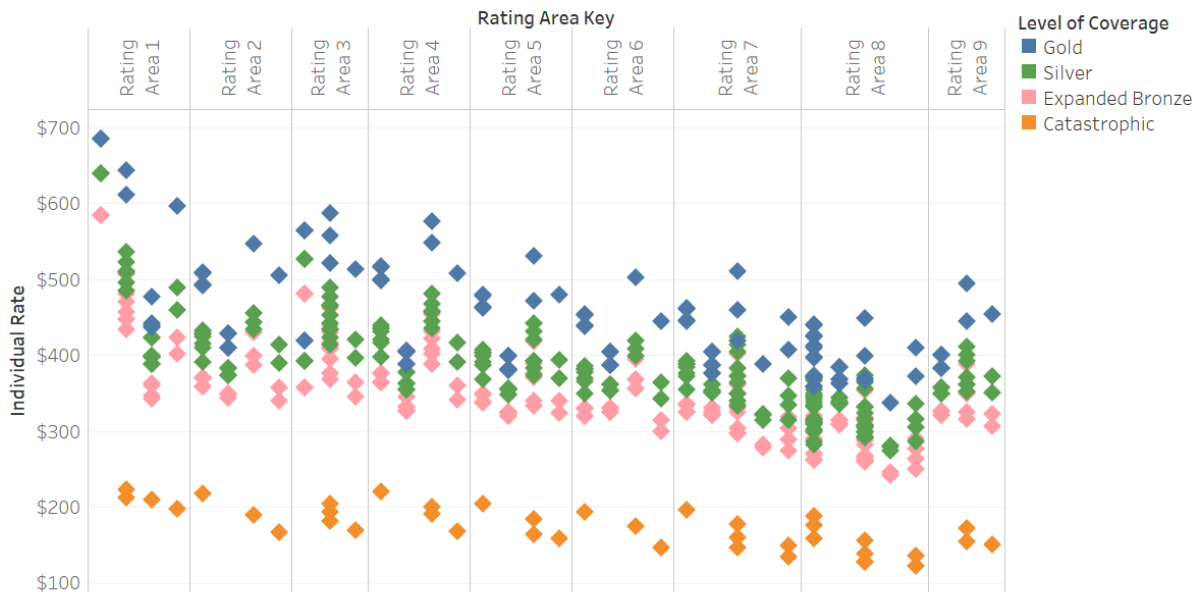
2014 - 2021 Final Rates to 2022 Individual Market Rates With Reinsurance
All Plans - Rating Area 1



2022 rates and enrollment data were used as a starting point to model the average premiums and second-lowest silver price points for 2023. Table A-13 shows how those rates vary by metal level and area. ³

Table A-13

Individual Market Rates With Reinsurance
Only Actively Marketed Plans - By Rating Area - 2022



³ Data Source: Issuer's Rate Data Templates, available at: <https://filingaccess.serff.com/sfa/home/MN>

Morbidity

The original waiver's assumption of 6.5 percent annual trend was continued. It was reasonably in line with experience, adjusting for COVID-19-related fluctuations.

Data sources describing and referencing on the morbidity of Minnesota's individual market risk pool are provided in Appendix 2.

Benefit Design and Covered Services

This waiver includes no change to the scope of services covered. There will be no change to the Essential Health Benefit set due to this waiver. Thus, no changes in covered services were modeled. This waiver includes no change to the cost sharing parameters. Minnesota uses the same standard Actuarial Value Calculator that the rest of the nation uses to standardize the metal level targets of the designed plans. Commerce does not anticipate atypical deductible leveraging that would materially influence the premiums modeled.

Economic Analysis to Supplement Actuarial Analysis

By far, the most significant impact on the federal deficit will be from premium tax credit savings and BHP savings. Much lesser impacts arise higher federal administrative expenses. Note that individual shared responsibility payments and health insurance providers' fee revenue analyzed as part of the original waiver application are no longer applicable due to changes to laws. Minnesota has a state-based exchange, which means federal exchange use fee revenue is not applicable. The analysis below estimates the offset to savings that is included as an "economic impact" column on the 10-year federal impact chart.

Federal Administrative Costs

Commerce actuaries included an allotment for an allotment of existing staff time, totaling \$50,000 per year, except \$100,000 every five years when reviews of waiver extensions are expected.

Cost Sharing Reduction (CSR) Payments

All federal cost sharing reduction payments are unaffected by the MPSP, because the metal level designs (the actuarial value requirements) are not affected by the MPSP. No waiver is requested related to CSRs or benefit design.

In Minnesota, most CSR payments are provided to MinnesotaCare through the BHP funding formula, as provided under 42 C.F.R. Part 600, Subpart G. Very few of Minnesota's individual market participants enroll in plans eligible for CSR support, and those who are enrolled qualify for the 73 percent CSR variant, since the BHP covers all with 200 percent FPL or below and thus all who would have been eligible for the 87 and 94 percent CSR variants (ignoring special provisions under ARPA for the 2021 plan year).

The additional people who are assumed to be in the market because of the MPSP are assumed to be ineligible for federal premium tax credits and cost sharing reduction (CSR) subsidies because premium escalations that have previously caused disenrollment from the individual market did not financially affect those with premium tax credits (nor the very small subset of this population who are eligible for CSR subsidies), whether they are enrolled in the individual market or the state's basic health plan.

Income Taxes

The proposed program will have no effect on income and payroll taxes. No employer tax exclusions or deductions are affected. Personal health care expense deductions are not affected, since this program relates to premiums (versus deductibles, coinsurance, co-pays).

Combined Actuarial and Economic Analysis Results

The 10-year projection of the federal actuarial savings, federal economic losses, and basic health plan pass-through amounts are shown in Tables E-1 and E-2:

Table E-1

| *** Without ARPA enhanced premium tax credits beyond 2022 *** | | | | | |
|---|---------------------------|------------------------|------------------------------------|-----------------------------|---|
| Year | Enrollment without Waiver | Enrollment with Waiver | Federal Premium Tax Credit Savings | Federal Total Economic Loss | Federal PTC Savings minus Economic Loss |
| 2022 | 160,000 | 175,000 | | | |
| 2023 | 145,000 | 155,000 | \$ 71,673,409 | \$ 100,000 | \$ 71,573,409 |
| 2024 | 145,000 | 155,000 | \$ 76,332,181 | \$ 50,000 | \$ 76,282,181 |
| 2025 | 145,000 | 155,000 | \$ 81,293,773 | \$ 50,000 | \$ 81,243,773 |
| 2026 | 145,000 | 155,000 | \$ 86,577,868 | \$ 50,000 | \$ 86,527,868 |
| 2027 | 145,000 | 155,000 | \$ 92,205,429 | \$ 50,000 | \$ 92,155,429 |
| 2028 | 145,000 | 155,000 | \$ 98,198,782 | \$ 100,000 | \$ 98,098,782 |
| 2029 | 145,000 | 155,000 | \$ 104,581,703 | \$ 50,000 | \$ 104,531,703 |
| 2030 | 145,000 | 155,000 | \$ 111,379,514 | \$ 50,000 | \$ 111,329,514 |
| 2031 | 145,000 | 155,000 | \$ 118,619,182 | \$ 50,000 | \$ 118,569,182 |
| 2032 | 145,000 | 155,000 | \$ 126,329,429 | \$ 50,000 | \$ 126,279,429 |
| | | | | Total: | \$ 966,591,271 |

Table E-2

| *** With extension of ARPA enhanced premium tax credits *** | | | | | |
|--|----------------------------------|-------------------------------|---|------------------------------------|--|
| Year | Enrollment without Waiver | Enrollment with Waiver | Federal Premium Tax Credit Savings | Federal Total Economic Loss | Federal PTC Savings minus Economic Loss |
| 2022 | 160,000 | 175,000 | | | |
| 2023 | 160,000 | 175,000 | \$ 144,497,814 | \$ 100,000 | \$ 144,397,814 |
| 2024 | 160,000 | 175,000 | \$ 153,890,171 | \$ 50,000 | \$ 153,840,171 |
| 2025 | 160,000 | 175,000 | \$ 163,893,033 | \$ 50,000 | \$ 163,843,033 |
| 2026 | 160,000 | 175,000 | \$ 174,546,080 | \$ 50,000 | \$ 174,496,080 |
| 2027 | 160,000 | 175,000 | \$ 185,891,575 | \$ 50,000 | \$ 185,841,575 |
| 2028 | 160,000 | 175,000 | \$ 197,974,527 | \$ 100,000 | \$ 197,874,527 |
| 2029 | 160,000 | 175,000 | \$ 210,842,871 | \$ 50,000 | \$ 210,792,871 |
| 2030 | 160,000 | 175,000 | \$ 224,547,658 | \$ 50,000 | \$ 224,497,658 |
| 2031 | 160,000 | 175,000 | \$ 239,143,256 | \$ 50,000 | \$ 239,093,256 |
| 2032 | 160,000 | 175,000 | \$ 254,687,568 | \$ 50,000 | \$ 254,637,568 |
| | | | | \$ - | \$ 1,949,314,552 |

Actuarial Certifications

Commerce actuarial staff certify that this waiver request meets the following federal requirements of the Affordable Care Act:

- The scope of coverage comparability requirements of Section 1332 (b)(1)(A)
- The affordability requirements of Section 1332 (b)(1)(B)
- The affected number of individuals requirements of Section 1332 (b)(1)(C)
- The deficit neutrality requirement of Section 1332 (b)(1)(D)
- The pass-through funding requirements of Section 1332(a)(3).

This waiver requires federal premium tax credit savings that would have otherwise been spent without the waiver (and its related legislation) be instead passed through to the MPSP. There is a financially immaterial effect on federal operations in terms of having existing IRS, HHS, CMS, and Office of the Actuary (OACT) staff review and approve this waiver request.

Commerce actuarial staff are members of the American Academy of Actuaries in good standing. Commerce actuarial staff were requested to analyze this waiver extension request and document the results of our analysis in this report by our employer, the State of Minnesota. The use of this report is for federal regulators to review analysis in order to determine whether or not to support the requested waiver to which the report relates. The actuarial study should not be read without a full review of the waiver application.

Commerce actuarial staff have no conflict of interests in relation to the outcome of this waiver or the individual market affordability and sustainability to which this report and its related request.

Commerce actuarial staff have both met the education and experience necessary to perform this work. We have developed the assumptions, methods, and findings in accordance with Actuarial Standards of Practice and the actuarial profession's Code of Professional Conduct.



Fred Andersen, FSA, MAAA
Chief Life Actuary
Minnesota Department of Commerce
State of Minnesota



Julia Lyng, ASA, MAAA
Chief Health Actuary
Minnesota Department of Commerce
State of Minnesota

Appendices

Appendix 1 - The Role of Enrollees' Income in the Model

Eligibility for public programs, MinnesotaCare (the basic health plan), and individual market subsidies is driven by income in comparison to the Federal Poverty Level (FPL). The table below shows the current FPL, as issued by the United States Department of Health and Human Services.

Table App-1

| Number of Persons in Household | Assumed FPL |
|--------------------------------|-------------|
| 1 | \$ 12,880 |
| 2 | \$ 17,420 |
| 3 | \$ 21,960 |
| 4 | \$ 26,500 |
| each 1 more | add \$4,540 |

Minnesota is unique in that a high percentage of the people who qualify for federal subsidies enroll in MinnesotaCare. These are people with incomes at or below 200 percent of FPL. MinnesotaCare enrollment has been stable in comparison to enrollment in plans for people in other income bands, mainly due to longstanding county and community outreach and because Minnesotans are very aware of the program's value since the program has existed for twenty years, well before its conversion to a basic health plan. The federal portion of funding for MinnesotaCare is determined by the Office of the Actuary. Those who would normally be eligible for 87 and 94 percent Cost Sharing Reduction (CSR) plan variants⁴ participate in MinnesotaCare instead of the individual market risk pool.

The following table presents the income bands above 200 percent of FPL that reasonably represent the individual market enrollment for plan year 2023, both with and without a reinsurance program/waiver in place, broken down by Premium Tax Credit (PTC) eligibility. The table shows that that the additional enrollees in the individual market may likely come from those who do not qualify for PTC. It is assumed that those who will return, or for the first time join, the individual market due to the reinsurance program's existence will be those who do not qualify for PTC or who newly qualified for PTC due to the ARPA enhanced PTC. This assumption is supported by the fact that in the past when there have been enrollment declines, the number of people who receive PTC has increased over the same time period.

⁴ Cost sharing reductions are not affected by this waiver request.

Table App-2

| Expected Enrollment Distribution | | |
|---|---------------------|---------------------------|
| Income band | PTC-eligible | ARPA EPTC eligible |
| 200% to 250% FPL | 31,000 | 31,000 |
| 250% to 300% FPL | 11,000 | 11,000 |
| 300% to 400% FPL | 18,000 | 19,000 |
| 400% to 550% FPL | - | 22,000 |
| Over 550% FPL | - | 48,000 |
| | 60,000 | 131,000 |

The table below shows the estimated expected contribution percentages impacting plan year 2023 subsidy levels.

Table App-3

| Without ARPA Enhanced PTC | |
|----------------------------------|--|
| Income Band | Estimated 2023 Federal Maximum (% of Annual Gross Income) |
| 200% to 250% FPL | 6.45% - 8.24% |
| 250% to 300% FPL | 8.24% to 9.74% |
| 300% to 400% FPL | 9.74% |

Table App-4

| With ARPA Enhanced PTC | |
|------------------------|---|
| Income Band | Estimated 2023 Federal Maximum (% of Annual Gross Income) |
| 200% to 250% FPL | 2.0% to 4.0% |
| 250% to 300% FPL | 4.0% to 6.0% |
| 300% to 400% FPL | 6.0% to 8.5% |
| Over 400% FPL | 8.5% |

Appendix 2 - Additional Modeling Results and Information on Targets

The impact of the waiver on the second-lowest silver rate for a representative consumer is used to validate the reasonableness of the statewide scenario results stated in the analysis. A combination of 2018-2021 data and 2023 assumptions are applied to place the anticipated premium tax credit recipients into 252 groupings based on their relative cost of rating area, single/family status, income level, and age group. A data-driven statewide analysis with validation from analysis of groupings provides additional comfort that the results are reasonable if results consistent with the scenario results occur. The top-down approach (statewide analysis) and bottom-up approach (analysis of groupings) produced similar results. Due to a degree of uncertainty in the assumptions on age groupings, family status, and income levels, the county-by-county results were calibrated to the statewide results. The grouped results for federal savings both with and without the waiver are displayed in the following tables.

For Table App-5, a sampling of advanced PTC for a month prior to ARPA enhanced PTC being implemented and a month following ARPA enhanced PTC implementation are provided. The amounts increased and are expected to further increase as open enrollment reflecting ARPA enhanced PTC occurs.

Table App-5

| Advanced Premium Tax Credit (APTC) by Month and Rating Area | | |
|--|---------------|---------------|
| Rating Area | April 2021 | Aug-21 |
| (SLCSP1) Rating Area 1: Counties: Fillmore, Houston, Olmsted, Wabasha, Winona | \$ 897,109 | \$ 1,236,878 |
| (SLCSP2) Rating Area 1: Counties: Goodhue | \$ 288,139 | \$ 387,358 |
| (SLCSP3) Rating Area 1: Counties: Dodge, Freeborn, Mower, Steele | \$ 752,890 | \$ 940,294 |
| (SLCSP4) Rating Area 2: Counties: Carlton, Cook, Itasca, Koochiching, Lake, Lake of the Woods, Saint Louis | \$ 1,250,096 | \$ 1,749,732 |
| (SLCSP5) Rating Area 3: Counties: Nicollet | \$ 107,818 | \$ 156,994 |
| (SLCSP6) Rating Area 3: Counties: Le Sueur | \$ 145,278 | \$ 210,276 |
| (SLCSP7) Rating Area 3: Counties: Blue Earth, Martin, Rice | \$ 599,142 | \$ 833,977 |
| (SLCSP8) Rating Area 3: Counties: Fairbault, Waseca, Watonwan | \$ 320,612 | \$ 411,839 |
| (SLCSP9) Rating Area 4: Counties: Brown, Cottonwood, Jackson, Lincoln, Murray, Nobles, Pipestone, Redwood, Rock | \$ 630,303 | \$ 868,899 |
| (SLCSP10) Rating Area 5: Counties: McLeod, Sibley | \$ 215,429 | \$ 301,832 |
| (SLCSP11) Rating Area 5: Counties: Big Stone, Chippewa, Kandiyohi, Lac qui Parle, Lyon, Meeker, Renville, Swift, Yellow Medicine | \$ 562,170 | \$ 804,886 |
| (SLCSP12) Rating Area 6: Counties: Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse, Wilkin | \$ 868,495 | \$ 1,208,728 |
| (SLCSP13) Rating Area 7: Counties: Chisago, Isanti | \$ 268,263 | \$ 425,185 |
| (SLCSP14) Rating Area 7: Counties: Kanabec | \$ 67,653 | \$ 97,381 |
| (SLCSP15) Rating Area 7: Counties: Aitkin, Beltrami, Cass, Crow Wing, Hubbard, Mille Lacs, Morrison, Pine, Roseau, Todd, Wadena | \$ 1,421,456 | \$ 1,983,697 |
| (SLCSP16) Rating Area 8: Counties: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, Sherburne, Washington | \$ 5,135,087 | \$ 8,631,319 |
| (SLCSP17) Rating Area 8: Counties: Wright | \$ 295,929 | \$ 462,094 |
| (SLCSP18) Rating Area 8: Counties: Benton, Stearns | \$ 528,429 | \$ 777,168 |
| (SLCSP19) Rating Area 9: Counties: Clear Water, Kittson, Mahonomen, Marshall, Norman, Pennington, Polk, Red Lake | \$ 259,056 | \$ 360,268 |
| <i>Total</i> | \$ 14,613,352 | \$ 21,848,804 |

Table App-6

| APTC Members by Month and Rating Area | | |
|---|---------------|---------------|
| Rating Area | April 2021 | August 2021 |
| (SLCSP1) Rating Area 1: Counties: Fillmore, Houston, Olmsted, Wabasha, Winona | 2,424 | 2,790 |
| (SLCSP2) Rating Area 1: Counties: Goodhue | 609 | 706 |
| (SLCSP3) Rating Area 1: Counties: Dodge, Freeborn, Mower, Steele | 1,438 | 1,602 |
| (SLCSP4) Rating Area 2: Counties: Carlton, Cook, Itasca, Koochiching, Lake, Lake of the Woods, Saint Louis | 3,503 | 4,143 |
| (SLCSP5) Rating Area 3: Counties: Nicollet | 362 | 415 |
| (SLCSP6) Rating Area 3: Counties: Le Sueur | 408 | 483 |
| (SLCSP7) Rating Area 3: Counties: Blue Earth, Martin, Rice | 1,655 | 1,950 |
| (SLCSP8) Rating Area 3: Counties: Fairbault, Waseca, Watonwan | 739 | 806 |
| (SLCSP9) Rating Area 4: Counties: Brown, Cottonwood, Jackson, Lincoln, Murray, Nobles, Pipestone, Redwood, Rock | 2,115 | 2,317 |
| (SLCSP10) Rating Area 5: Counties: McLeod, Sibley | 713 | 825 |
| (SLCSP11) Rating Area 5: Counties: Big Stone, Chippewa, Kandiyohi, Lac qui Parle, Lyon, Meeker, Renville, Swift, Yellow Medicine | 1,883 | 2,195 |
| (SLCSP12) Rating Area 6: Counties: Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse, Wilkin | 2,886 | 3,285 |
| (SLCSP13) Rating Area 7: Counties: Chisago, Isanti | 1,066 | 1,316 |
| (SLCSP14) Rating Area 7: Counties: Kanabec | 229 | 264 |
| (SLCSP15) Rating Area 7: Counties: Aitkin, Beltrami, Cass, Crow Wing, Hubbard, Mille Lacs, Morrison, Pine, Roseau, Todd, Wadena | 4,284 | 5,013 |
| (SLCSP16) Rating Area 8: Counties: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, Sherburne, Washington | 24,018 | 30,892 |
| (SLCSP17) Rating Area 8: Counties: Wright | 1,287 | 1,596 |
| (SLCSP18) Rating Area 8: Counties: Benton, Stearns | 2,006 | 2,389 |
| (SLCSP19) Rating Area 9: Counties: Clear Water, Kittson, Mahonomen, Marshall, Norman, Pennington, Polk, Red Lake | 851 | 983 |
| Total | 52,476 | 63,970 |

In the tables below, showing the PTC breakdown by characteristics, ARPA enhanced PTC is noted as ARPA EPTC.

Table App-7

| PTC with and without waiver, single/family | | |
|--|----------------------|-------------------------|
| | 2023 PTC With Waiver | 2023 PTC Without Waiver |
| Single | \$ 35,200,000 | \$ 41,600,000 |
| Family | 355,500,000 | 420,800,000 |
| Total | \$ 390,700,000 | \$ 462,400,000 |
| | | 71,700,000 |

Table App-8

| ARPA EPTC with and without waiver, single/family | | |
|--|-----------------------|--------------------------|
| | 2023 EPTC With Waiver | 2023 EPTC Without Waiver |
| Single | \$ 70,900,000 | \$ 83,900,000 |
| Family | 716,800,000 | 848,300,000 |
| Total | \$ 787,700,000 | \$ 932,200,000 |
| | | 144,500,000 |

Table App-9

| PTC with and without waiver, by income | | |
|--|----------------------|-------------------------|
| % Federal Poverty Level Income | 2023 PTC With Waiver | 2023 PTC Without Waiver |
| 200-250% | \$ 226,600,000 | \$ 258,900,000 |
| 250-300% | 62,500,000 | 74,000,000 |
| 300-400% | 101,600,000 | 129,500,000 |
| Total | \$ 390,700,000 | \$ 462,400,000 |

Table App-10

| ARPA EPTC with and without waiver, by income | | |
|--|-----------------------|--------------------------|
| % Federal Poverty Level Income | 2023 EPTC With Waiver | 2023 EPTC Without Waiver |
| 200-250% | \$ 283,600,000 | \$ 298,300,000 |
| 250-300% | 78,800,000 | 83,900,000 |
| 300-400% | 133,900,000 | 149,200,000 |
| 400-550% | 110,300,000 | 130,500,000 |
| 550-700% | 110,200,000 | 149,200,000 |
| Over 700% | 70,900,000 | 121,200,000 |
| Total | \$ 787,700,000 | \$ 932,200,000 |

Table App-11

| PTC with and without waiver, by age grouping | | |
|--|----------------------|-------------------------|
| Age | 2023 PTC With Waiver | 2023 PTC Without Waiver |
| 0-21 | \$ 3,900,000 | \$ 4,600,000 |
| 22-29 | 15,600,000 | 23,100,000 |
| 30-39 | 31,300,000 | 37,000,000 |
| 40-49 | 39,100,000 | 46,200,000 |
| 50-59 | 132,700,000 | 152,500,000 |
| 60-64 | 168,000,000 | 198,800,000 |
| 65+ | 100,000 | 200,000 |
| Total | \$ 390,700,000 | \$ 462,400,000 |

Table App-12

| ARPA EPTC with and without waiver, by age grouping | | |
|--|--------------------------|-----------------------------|
| Age | 2023 EPTC With Waiver | 2023 EPTC Without Waiver |
| 0-21 | \$ 15,800,000 | \$ 18,600,000 |
| 22-29 | 31,500,000 | 37,300,000 |
| 30-39 | 47,300,000 | 65,300,000 |
| 40-49 | 70,800,000 | 84,000,000 |
| 50-59 | 259,900,000 | 307,600,000 |
| 60-64 | 362,300,000 | 419,500,000 |
| 65+ | - | - |
| Total | \$ 787,700,000 | \$ 932,200,000 |

Table App-13

| PTC with and without waiver, by year | | | | |
|--------------------------------------|----|-----------------|--------------------|---------------|
| Statewide | | PTC With Waiver | PTC Without Waiver | Difference |
| 2023 | \$ | 390,735,683 | \$ 462,409,092 | \$ 71,673,409 |
| 2024 | | 416,133,502 | 492,465,683 | 76,332,181 |
| 2025 | | 443,182,180 | 524,475,952 | 81,293,773 |
| 2026 | | 471,989,022 | 558,566,889 | 86,577,868 |
| 2027 | | 502,668,308 | 594,873,737 | 92,205,429 |
| 2028 | | 535,341,748 | 633,540,530 | 98,198,782 |
| 2029 | | 570,138,962 | 674,720,664 | 104,581,703 |
| 2030 | | 607,197,995 | 718,577,507 | 111,379,514 |
| 2031 | | 646,665,865 | 765,285,045 | 118,619,182 |
| 2032 | | 688,699,146 | 815,028,573 | 126,329,429 |

Table App-14

| ARPA EPTC with and without waiver, by year | | | | | |
|--|------|-----------------------|--------------------------|------------|-------------|
| Statewide | | 2023 EPTC With Waiver | 2023 EPTC Without Waiver | Difference | |
| | 2023 | \$ 787,746,145 | \$ 932,243,958 | \$ | 144,497,814 |
| | 2024 | 838,949,644 | 992,839,816 | | 153,890,171 |
| | 2025 | 893,481,371 | 1,057,374,404 | | 163,893,033 |
| | 2026 | 951,557,660 | 1,126,103,740 | | 174,546,080 |
| | 2027 | 1,013,408,908 | 1,199,300,483 | | 185,891,575 |
| | 2028 | 1,079,280,487 | 1,277,255,014 | | 197,974,527 |
| | 2029 | 1,149,433,719 | 1,360,276,590 | | 210,842,871 |
| | 2030 | 1,224,146,910 | 1,448,694,569 | | 224,547,658 |
| | 2031 | 1,303,716,460 | 1,542,859,716 | | 239,143,256 |
| | 2032 | 1,388,458,029 | 1,643,145,597 | | 254,687,568 |

Table App-15

| Affordability - Average Individual Market Premium Contribution Per Member, with waiver | | | | | | | |
|--|------|----------|----------|----------|----------|----------|--|
| | Year | Q1 | Q2 | Q3 | Q4 | Annual | |
| Projected | 2023 | \$ 1,499 | \$ 1,499 | \$ 1,499 | \$ 1,499 | \$ 5,997 | |
| Actual | | | | | | | |
| Projected | 2024 | \$ 1,597 | \$ 1,597 | \$ 1,597 | \$ 1,597 | \$ 6,387 | |
| Actual | | | | | | | |
| Projected | 2025 | \$ 1,700 | \$ 1,700 | \$ 1,700 | \$ 1,700 | \$ 6,802 | |
| Actual | | | | | | | |
| Projected | 2026 | \$ 1,811 | \$ 1,811 | \$ 1,811 | \$ 1,811 | \$ 7,244 | |
| Actual | | | | | | | |
| Projected | 2027 | \$ 1,929 | \$ 1,929 | \$ 1,929 | \$ 1,929 | \$ 7,715 | |
| Actual | | | | | | | |

Table App-16

| Affordability - Average Individual Market Premium Contribution Per Member, without waiver | | | | | | |
|---|------|----------|----------|----------|----------|----------|
| | Year | Q1 | Q2 | Q3 | Q4 | Annual |
| Projected | 2023 | \$ 1,772 | \$ 1,772 | \$ 1,772 | \$ 1,772 | \$ 7,089 |
| Actual | | | | | | |
| Projected | 2024 | \$ 1,888 | \$ 1,888 | \$ 1,888 | \$ 1,888 | \$ 7,550 |
| Actual | | | | | | |
| Projected | 2025 | \$ 2,010 | \$ 2,010 | \$ 2,010 | \$ 2,010 | \$ 8,041 |
| Actual | | | | | | |
| Projected | 2026 | \$ 2,141 | \$ 2,141 | \$ 2,141 | \$ 2,141 | \$ 8,564 |
| Actual | | | | | | |
| Projected | 2027 | \$ 2,280 | \$ 2,280 | \$ 2,280 | \$ 2,280 | \$ 9,120 |
| Actual | | | | | | |

Table App-17

| Total Individual Market Premiums | | | | |
|----------------------------------|---------------------|------------------------|---------------------------|------------------------------|
| Year | With Waiver, PTC | Without Waiver, PTC | With Waiver, ARPA EPTC | Without Waiver, ARPA EPTC |
| 2023 | \$ 929,502,914 | \$ 1,027,971,590 | \$ 1,049,438,774 | \$ 1,134,313,478 |
| 2024 | 989,920,603 | 1,094,789,743 | 1,117,652,294 | 1,208,043,854 |
| 2025 | 1,054,265,443 | 1,165,951,076 | 1,190,299,693 | 1,286,566,705 |
| 2026 | 1,122,792,696 | 1,241,737,896 | 1,267,669,173 | 1,370,193,540 |
| 2027 | 1,195,774,222 | 1,322,450,859 | 1,350,067,670 | 1,459,256,121 |
| 2028 | 1,273,499,546 | 1,408,410,165 | 1,437,822,068 | 1,554,107,768 |
| 2029 | 1,356,277,016 | 1,499,956,826 | 1,531,280,502 | 1,655,124,773 |
| 2030 | 1,444,435,023 | 1,597,454,020 | 1,630,813,735 | 1,762,707,884 |
| 2031 | 1,538,323,299 | 1,701,288,531 | 1,736,816,628 | 1,877,283,896 |
| 2032 | 1,638,314,313 | 1,811,872,285 | 1,849,709,709 | 1,999,307,349 |

Table App-18

| Assumed 2023 2nd lowest Silver Premium, With Waiver, by Age | | | | | | | |
|---|----------|----------|----------|----------|------------|------------|------------|
| County grouping | 20 | 26 | 35 | 45 | 55 | 62 | 65 |
| (SLCSP1) Rating Area 1: Counties: Fillmore, Houston, Olmsted, Wabasha, Winona | \$339.13 | \$390.19 | \$465.64 | \$550.23 | \$849.73 | \$1,094.75 | \$1,143.14 |
| (SLCSP2) Rating Area 1: Counties: Goodhue | \$430.25 | \$495.03 | \$590.75 | \$698.07 | \$1,078.04 | \$1,388.88 | \$1,450.27 |
| (SLCSP3) Rating Area 1: Counties: Dodge, Freeborn, Mower, Steele | \$440.16 | \$506.43 | \$604.36 | \$714.15 | \$1,102.88 | \$1,420.88 | \$1,483.69 |
| (SLCSP4) Rating Area 2: Counties: Carlton, Cook, Itasca, Koochiching, Lake, Lake of the Woods, Saint Louis | \$322.73 | \$371.32 | \$443.12 | \$523.63 | \$808.65 | \$1,041.81 | \$1,087.87 |
| (SLCSP5) Rating Area 3: Counties: Nicollet | \$356.23 | \$409.87 | \$489.12 | \$577.97 | \$892.58 | \$1,149.94 | \$1,200.78 |
| (SLCSP6) Rating Area 3: Counties: Le Sueur | \$366.79 | \$422.01 | \$503.61 | \$595.11 | \$919.03 | \$1,184.03 | \$1,236.37 |
| (SLCSP7) Rating Area 3: Counties: Blue Earth, Martin, Rice | \$378.65 | \$435.66 | \$519.90 | \$614.34 | \$948.75 | \$1,222.31 | \$1,276.34 |
| (SLCSP8) Rating Area 3: Counties: Fairbault, Waseca, Watonwan | \$401.59 | \$462.05 | \$551.39 | \$651.56 | \$1,006.22 | \$1,296.35 | \$1,353.66 |
| (SLCSP9) Rating Area 4: Counties: Brown, Cottonwood, Jackson, Lincoln, Murray, Nobles, Pipestone, Redwood, Rock | \$305.88 | \$351.93 | \$419.98 | \$496.28 | \$766.42 | \$987.41 | \$1,031.06 |
| (SLCSP10) Rating Area 5: Counties: McLeod, Sibley | \$298.86 | \$343.85 | \$410.34 | \$484.89 | \$748.82 | \$964.74 | \$1,007.38 |
| (SLCSP11) Rating Area 5: Counties: Big Stone, Chippewa, Kandiyohi, Lac qui Parle, Lyon, Meeker, Renville, Swift, Yellow Medicine | \$300.24 | \$345.45 | \$412.24 | \$487.13 | \$752.29 | \$969.20 | \$1,012.05 |
| (SLCSP12) Rating Area 6: Counties: Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse, Wilkin | \$304.56 | \$350.42 | \$418.18 | \$494.15 | \$763.12 | \$983.16 | \$1,026.62 |
| (SLCSP13) Rating Area 7: Counties: Chisago, Isanti | \$295.96 | \$340.52 | \$406.36 | \$480.18 | \$741.55 | \$955.37 | \$997.61 |
| (SLCSP14) Rating Area 7: Counties: Kanabec | \$296.96 | \$341.67 | \$407.74 | \$481.81 | \$744.07 | \$958.62 | \$1,000.99 |
| (SLCSP15) Rating Area 7: Counties: Aitkin, Beltrami, Cass, Crow Wing, Hubbard, Mille Lacs, Morrison, Pine, Roseau, Todd, Wadena | \$304.99 | \$350.91 | \$418.76 | \$494.84 | \$764.19 | \$984.53 | \$1,028.06 |
| (SLCSP16) Rating Area 8: Counties: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, Sherburne, Washington | \$257.76 | \$296.57 | \$353.91 | \$418.21 | \$645.84 | \$832.07 | \$868.85 |
| (SLCSP17) Rating Area 8: Counties: Wright | \$271.62 | \$312.51 | \$372.94 | \$440.69 | \$680.57 | \$876.80 | \$915.56 |
| (SLCSP18) Rating Area 8: Counties: Benton, Stearns | \$279.06 | \$321.07 | \$383.15 | \$452.76 | \$699.21 | \$900.82 | \$940.64 |
| (SLCSP19) Rating Area 9: Counties: Clear Water, Kittson, Mahonomen, Marshall, Norman, Pennington, Polk, Red Lake | \$301.30 | \$346.67 | \$413.70 | \$488.85 | \$754.95 | \$972.63 | \$1,015.63 |

Table App-19

| Assumed 2023 2nd lowest Silver Premium*, With Waiver, by Age | | | | | | | |
|--|----------|----------|----------|----------|----------|------------|------------|
| County grouping | 20 | 26 | 35 | 45 | 55 | 62 | 65 |
| (SLCSP1) Rating Area 1: Counties: Fillmore, Houston, Olmsted, Wabasha, Winona | \$301.38 | \$346.75 | \$413.80 | \$488.98 | \$755.14 | \$972.88 | \$1,015.88 |
| (SLCSP2) Rating Area 1: Counties: Goodhue | \$359.49 | \$413.62 | \$493.59 | \$583.26 | \$900.75 | \$1,160.47 | \$1,211.77 |
| (SLCSP3) Rating Area 1: Counties: Dodge, Freeborn, Mower, Steele | \$367.74 | \$423.10 | \$504.92 | \$596.64 | \$921.41 | \$1,187.09 | \$1,239.56 |
| (SLCSP4) Rating Area 2: Counties: Carlton, Cook, Itasca, Koochiching, Lake, Lake of the Woods, Saint Louis | \$272.40 | \$313.42 | \$374.02 | \$441.97 | \$682.54 | \$879.34 | \$918.21 |
| (SLCSP5) Rating Area 3: Counties: Nicollet | \$301.44 | \$346.82 | \$413.88 | \$489.07 | \$755.28 | \$973.06 | \$1,016.07 |
| (SLCSP6) Rating Area 3: Counties: Le Sueur | \$306.48 | \$352.62 | \$420.80 | \$497.25 | \$767.92 | \$989.34 | \$1,033.07 |
| (SLCSP7) Rating Area 3: Counties: Blue Earth, Martin, Rice | \$320.39 | \$368.63 | \$439.91 | \$519.83 | \$802.78 | \$1,034.26 | \$1,079.97 |
| (SLCSP8) Rating Area 3: Counties: Fairbault, Waseca, Watonwan | \$335.51 | \$386.03 | \$460.67 | \$544.36 | \$840.66 | \$1,083.06 | \$1,130.93 |
| (SLCSP9) Rating Area 4: Counties: Brown, Cottonwood, Jackson, Lincoln, Murray, Nobles, Pipestone, Redwood, Rock | \$258.29 | \$297.18 | \$354.64 | \$419.07 | \$647.17 | \$833.78 | \$870.64 |
| (SLCSP10) Rating Area 5: Counties: McLeod, Sibley | \$252.34 | \$290.33 | \$346.47 | \$409.41 | \$632.26 | \$814.57 | \$850.57 |
| (SLCSP11) Rating Area 5: Counties: Big Stone, Chippewa, Kandiyohi, Lac qui Parle, Lyon, Meeker, Renville, Swift, Yellow Medicine | \$253.50 | \$291.67 | \$348.07 | \$411.30 | \$635.18 | \$818.33 | \$854.50 |
| (SLCSP12) Rating Area 6: Counties: Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse, Wilkin | \$257.15 | \$295.87 | \$353.08 | \$417.22 | \$644.32 | \$830.11 | \$866.80 |
| (SLCSP13) Rating Area 7: Counties: Chisago, Isanti | \$249.75 | \$287.35 | \$342.91 | \$405.21 | \$625.78 | \$806.21 | \$841.85 |
| (SLCSP14) Rating Area 7: Counties: Kanabec | \$251.05 | \$288.85 | \$344.70 | \$407.32 | \$629.03 | \$810.40 | \$846.23 |
| (SLCSP15) Rating Area 7: Counties: Aitkin, Beltrami, Cass, Crow Wing, Hubbard, Mille Lacs, Morrison, Pine, Roseau, Todd, Wadena | \$257.37 | \$296.12 | \$353.38 | \$417.58 | \$644.87 | \$830.81 | \$867.54 |
| (SLCSP16) Rating Area 8: Counties: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, Sherburne, Washington | \$218.11 | \$250.95 | \$299.47 | \$353.88 | \$546.50 | \$704.08 | \$735.20 |
| (SLCSP17) Rating Area 8: Counties: Wright | \$226.97 | \$261.15 | \$311.64 | \$368.26 | \$568.71 | \$732.69 | \$765.07 |
| (SLCSP18) Rating Area 8: Counties: Benton, Stearns | \$238.16 | \$274.01 | \$327.00 | \$386.40 | \$596.73 | \$768.79 | \$802.78 |
| (SLCSP19) Rating Area 9: Counties: Clear Water, Kittson, Mahonomen, Marshall, Norman, Pennington, Polk, Red Lake | \$254.40 | \$292.71 | \$349.30 | \$412.76 | \$637.44 | \$821.24 | \$857.54 |

Note that actual second lowest silver plan premiums under the waiver will be reported on an annual basis in addition to estimates of the premiums assuming no waiver.

The table below provides information on Advanced Premium Tax Credits (APTC) as reported by Minnesota's state-based exchange, MNsure.

Table App-20

| Enrollment by Rating Area | |
|----------------------------------|-------------------------------------|
| Rating Area | 2021 Proportional Enrollment |
| 1 | 4.93% |
| 2 | 4.13% |
| 3 | 3.74% |
| 4 | 2.49% |
| 5 | 3.70% |
| 6 | 4.15% |
| 7 | 7.73% |
| 8 | 67.89% |
| 9 | 1.25% |

Table App-21

| Rating Area | 2020 APTC |
|--------------------|------------------|
| Area 1 | \$ 31,901,062 |
| Area 2 | \$ 14,063,623 |
| Area 3 | \$ 16,185,628 |
| Area 4 | \$ 12,029,884 |
| Area 5 | \$ 12,741,297 |
| Area 6 | \$ 12,521,384 |
| Area 7 | \$ 21,672,492 |
| Area 8 | \$ 73,930,745 |
| Area 9 | \$ 3,541,628 |
| Total | \$ 198,587,743 |

Note that plan year 2020 featured the "original" PTC. For plan year 2021, there is a combination of original and ARPA enhanced PTC.

Appendix 3 - Additional Information in Response to Requests

On December 13, 2021, Commerce received the following request from CMS:

“... the Departments request that states seeking extensions include in their applications a short, updated analysis (such as a single table) that includes updated projections and assumptions for the 5-year extension period of:

(1) Estimate of enrollment with and without the waiver (i.e., estimated change in enrollment attributable to the waiver);

-Subsidized enrollment on the Exchange with waiver;

-Unsubsidized enrollment on the Exchange with waiver,

-Enrollment off the Exchange, to the extent it’s available;

(2) Statewide average SLCSP premiums with and with the waiver (Rating Area-level data is not necessary);

(3) Total reinsurance program funding; and

(4) Projected pass-through funding.

Responses to items (1) through (4), besides the bullets in item (1) are addressed in Tables A-1 and A-2. Included below is information related to the bullets in item (1):

Table App-22

| Estimated enrollment, without ARPA enhanced premium tax credits beyond 2022 | | | | | | |
|---|----------------------------|-------------------------------|--|---|-------------------------------------|--|
| Year | PTC recipients with waiver | PTC recipients without waiver | Non-PTC recipients, on-exchange, with waiver | Non-PTC recipients, on-exchange, without waiver | Off-exchange enrollees, with waiver | Off-exchange enrollees, without waiver |
| 2023 | 61,000 | 62,250 | 40,000 | 35,000 | 54,000 | 47,750 |
| 2024 | 61,000 | 62,250 | 40,000 | 35,000 | 54,000 | 47,750 |
| 2025 | 61,000 | 62,250 | 40,000 | 35,000 | 54,000 | 47,750 |
| 2026 | 61,000 | 62,250 | 40,000 | 35,000 | 54,000 | 47,750 |
| 2027 | 61,000 | 62,250 | 40,000 | 35,000 | 54,000 | 47,750 |

Table App-23

| Estimated enrollment, with extension of ARPA enhanced premium tax credits | | | | | | |
|---|-----------------------------|--------------------------------|---|--|-------------------------------------|--|
| Year | EPTC recipients with waiver | EPTC recipients without waiver | Non-EPTC recipients, on-exchange, with waiver | Non-EPTC recipients, on-exchange, without waiver | Off-exchange enrollees, with waiver | Off-exchange enrollees, without waiver |
| 2023 | 131,000 | 142,000 | 8,000 | 3,000 | 36,000 | 15,000 |
| 2024 | 131,000 | 142,000 | 8,000 | 3,000 | 36,000 | 15,000 |
| 2025 | 131,000 | 142,000 | 8,000 | 3,000 | 36,000 | 15,000 |
| 2026 | 131,000 | 142,000 | 8,000 | 3,000 | 36,000 | 15,000 |
| 2027 | 131,000 | 142,000 | 8,000 | 3,000 | 36,000 | 15,000 |